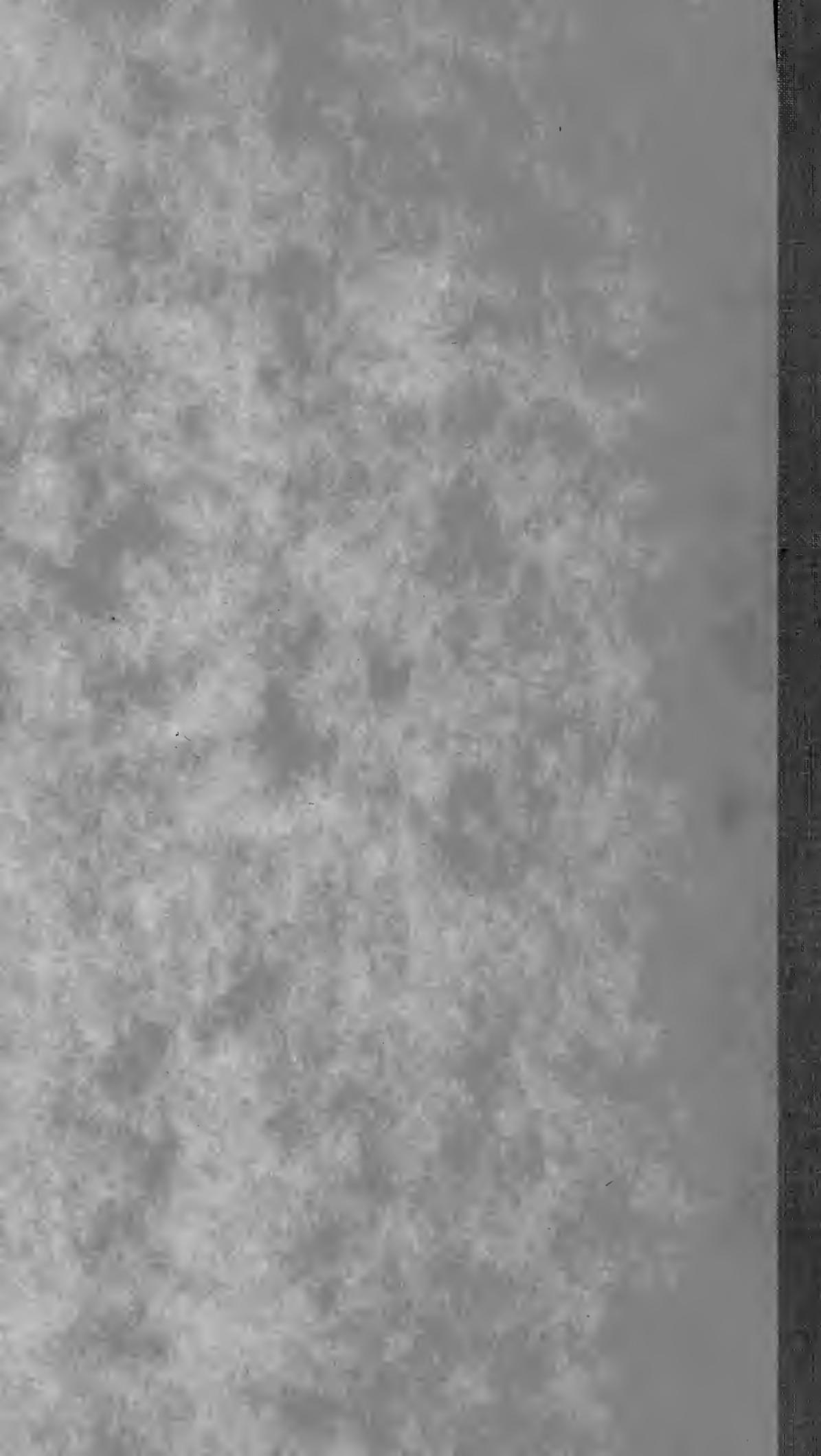


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Wabash, Saint Louis and
"Pacific Railway Company.
Purchasing Committee.

EXPLANATORY STATEMENT

OF THE

BONDHOLDERS' AGREEMENT.

Wabash, St. Louis

AND

Pacific Railway Company.

Poor Man's States Nabek
 Pending Debt this includes W & L H C
 & N & C. Dec 31st 1884 and
 does not include Rentals

at \$76,434.884.00

deduct Genl Mty

& Collateral Trust 22 671 000

leaves \$53,863.884

With an Annual ad Charge of

\$5,392.025

The Net Earnings for same time
 1884 reported at at \$3,055.499
 This leaves out Rentals of leased
 land floating debt & c - So you
 In the chances of getting in Debtor
 is slim for some time to come - The
 North remains about the same as
 before - Some of the land lines
 has been cut off. The direct ad
 charges can not be much less than a
 stated above

330
W

OUTLINES OF THE AGREEMENT

BETWEEN

The General Mortgage and Collateral Trust Bondholders

AND

THE PURCHASING COMMITTEE.

1. It provides for an early foreclosure and sale of the property under both mortgages, and the purchase thereof by a Committee.

2. The Purchasing Committee, having acquired the title to the property, will convey it to a new corporation organized for the purpose, and receive in payment therefor bonds and stock as follows:

Debenture Mortgage Bonds entitled to six per cent. interest, but dependent upon income and not cumulative, and with voting privileges.....	\$30,000,000
Of which \$3,500,000 shall be preferred, so far as the interest is concerned.	
Preferred stock, about.....	23,100,000
Common " "	27,300,000

3. The holders of General Mortgage Bonds who sign the agreement will be entitled



to the new Debenture Bonds, dollar for dollar, for the face of their bonds.....	\$16,000,000
The holders of Collateral Trust Bonds will receive the same to the amount of.....	6,000,000
The holders of endorsed debt will receive for amount of debt and interest Preferred Debenture Bonds amounting to about...	3,500,000
Balance of Debenture Bonds, which will belong to new Company and will be mostly appropriated to the money contributions, as provided in agreement, about.....	4,500,000
	<hr/>
	\$30,000,000

4. Upon receipt of the New Debenture Bonds, the holders of General Mortgage and Collateral Trust Bond Certificates are to pay two per cent. in cash, on the face of the new bonds, for which they will receive Debenture Bonds or scrip.

5. After the formation of the new Company, the Purchasing Committee will offer the new stock to the stockholders of the Wabash, St. Louis and Pacific Railway Company, at the rate of eight dollars per share on preferred, and six dollars per share on common stock, who, for the amount so paid will be entitled to Debenture Bonds, or scrip, dollar for dollar, in addition to the shares in the new Company.

6. The bondholders agree to take any stock and Debenture Bonds not accepted by stockholders, upon the same terms, *pro rata*, the amount, however, not to exceed five per cent. on the face of their bonds.

7. The amount received from bondholders, and from the sale of new stock and bonds, is to be appropriated to the payment of Receiver's floating debt, according to the terms of purchase which may be made under the decree of sale.

8. The Debenture Mortgage bondholders are to have equal representation with the stockholders of the new Company in the Board of Directors.

These outlines give a condensed statement of the reorganization measures agreed upon by the London Committee representing a large majority of the General Mortgage Bonds held in Europe, and holders of the Collateral Trust Bonds held in New York. As now offered to the bondholders, the agreement is the result of a long conference and correspondence between the parties interested, and its final acceptance by the representatives of these different interests is a proof of its equity and practicability.

The ground work of the plan is the reconstruction of the junior mortgages designated, in such a way as to reduce the fixed charges of the Company to an extent sufficient to render payment of the remainder possible under the present business of the lines to be included in the system, and to extinguish the floating debt.

The success of the measures embraced in the agreement will convert an absolute interest bearing debt of about \$30,000,000 into a Debenture Mortgage dependent upon the profits of the Company above the interest on prior mortgages, rentals and taxes.

The difficulty of adjusting the complicated affairs of the Company in such a way as to render a reorganization possible, without sacrificing some of the junior interests,

can scarcely be realized by those who have not taken part in the negotiations, but after long and tedious discussion extending through a year, an agreement has been reached which has already received the approval of a large majority of the bondholders interested. Concessions have been necessary in each case, and have been as equally apportioned as could be determined after a full and fair consideration of the claims, and the perilous situation of the Company.

The new Debenture Bonds will be protected by a mortgage which secures to them the first claim on net income after payment of interest on prior mortgages, and such charges in the way of taxes and rentals as will take priority in all cases, and are in all essential points as well secured as were the General and Collateral Trust Mortgages before.

A fair and impartial review of the whole subject will show that a more equitable and practicable adjustment of existing difficulties could hardly be devised. The peaceful settlement of complicated questions, and the payment of a heavy floating debt are among the advantages which the agreement is intended to secure. Failure to carry out its provisions will inevitably result in the loss of a large portion of the amount of both mortgages, and the compromise should, therefore, be considered, not only as an intelligent and mutually beneficial arrangement, but one of vital necessity to all interests.

The Purchasing Committee would impress upon the General Mortgage and Collateral Trust Bondholders the importance of prompt acquiescence in the agreement. Under the most favorable conditions it will take several months to perfect the transfer of the property and the reconstruction of the Company, and delay on the part of

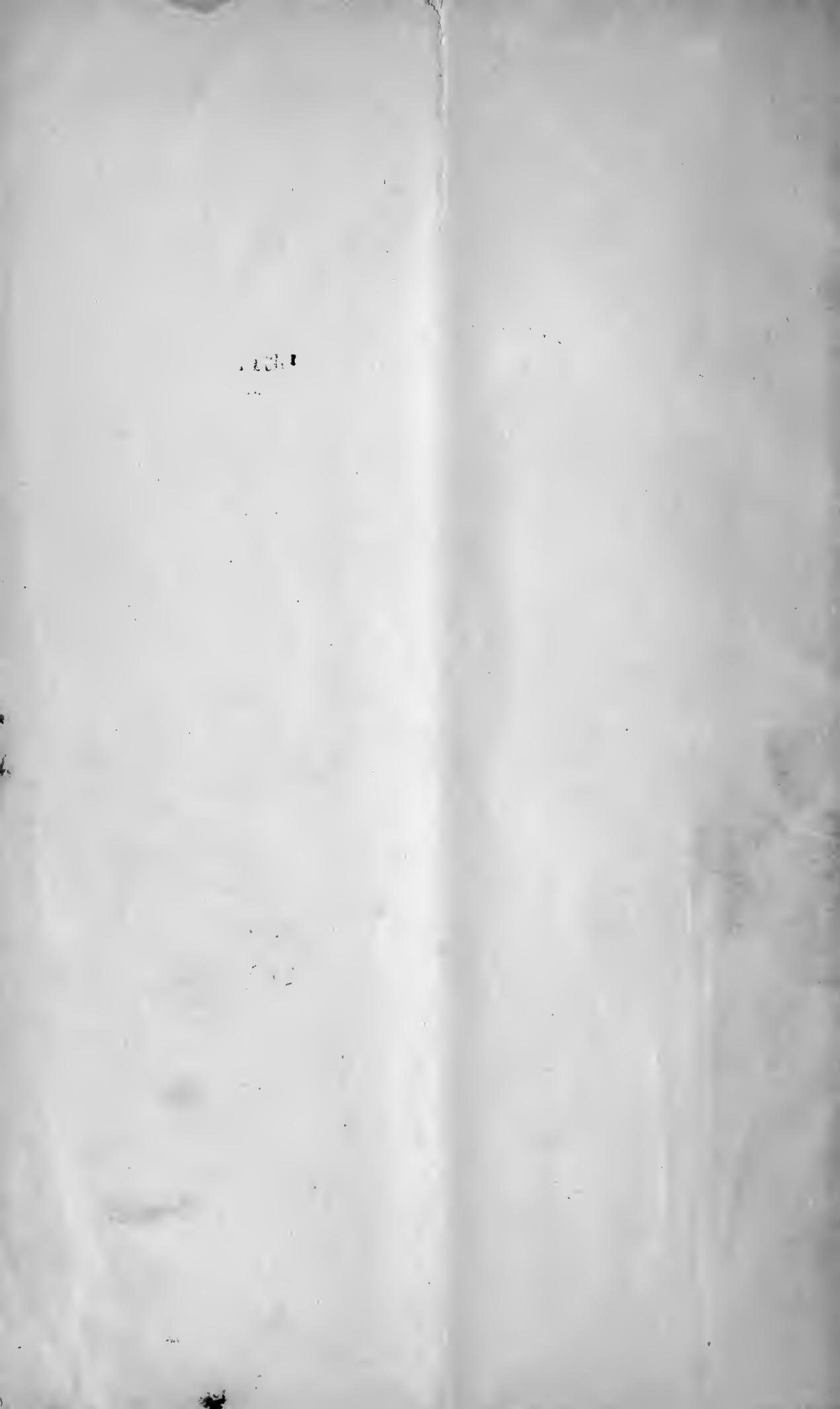
those who are to reap the benefits of the readjustment, and whose signatures are necessary to give it validity, will only increase the difficulties under which all are now suffering.

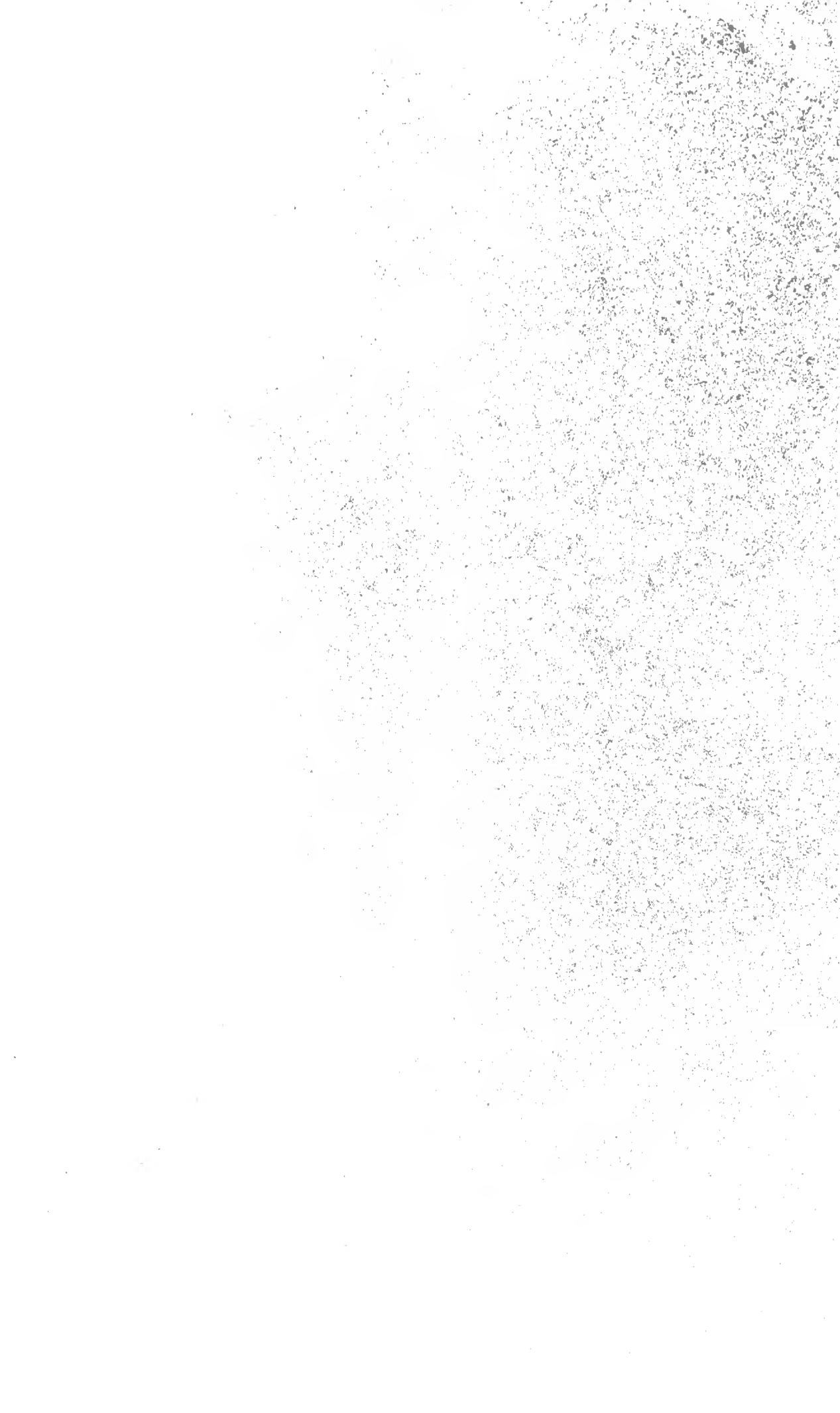
For the Purchasing Committee,

O. D. ASHLEY,

Secretary.

NEW YORK, September 1, 1885.







Gaylord

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